GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:261
ANSWERED ON:03.02.2017
Impact of Demonetisation
Deo Shri Arka Keshari;Hansdak Shri Vijay Kumar;Kumar Shri Kaushalendra;Singh Shri Lallu

Will the Minister of FINANCE be pleased to state:

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO.261
TO BE ANSWERED ON 3RD FEBRUARY 2017/14TH MAGHA SAKA, 1938

Impact of Demonetisation

261. Shri Kaushalendra Kumar:
Shri Arka Keshari DEO:
Shri Lallu Singh:
Shri Vijay Kumar Hansdak:

QUESTION
Will the Minister of FINANCE be pleased to state:
a) Whether the Government has taken note of adverse effects of demonetization of the economy and consequent slowdown of various sectors including agriculture, trade, services and tourism, if so, the details thereof;
b) Whether the Gross Domestic Production of the country has also been negatively affected due to demonetization leading to a threat of economic recession, if so, the details thereof; and
c) The corrective steps taken by the Government in this regard?

Answer

ANSWER
MINISTER OF STATE IN THE MINISTRY FOR FINANCE

(SHRI ARJUN RAM MEGHWAL)

(a) to (c) The main objective of the Government for cancellation of legal tender character of High Denominations Bank Notes was to eliminate black money and to curb the infusion and circulation of Fake Indian Currency Note (FICN) in the economy.

Demonetization seeks to create a new 'normal' wherein the GDP would be bigger, cleaner and real. This exercise is part of our Government's resolve to eliminate corruption, black money, counterfeit currency and terror funding. Like all reforms, this measure is obviously disruptive, as it seeks to change the retrograde status quo. Drop in economic activity, if any, on account of the currency squeeze during the remonetisation period is expected to have only a transient impact on the economy.

This exercise has resulted in an increase in deposits with banks. This will facilitate in reduction of interest rates and provide more headroom to bank to expand their credit base.